FISCAL MEMORANDUM

HB 1074 - SB 1353

April 22, 2019

SUMMARY OF ORIGINAL BILL: Establishes that wholesalers utilized by wineries or farm wine producers may permit wineries and farm wine producers to transport their products for sale; provided, the wholesaler permitting such direct shipments is required to include the amounts delivered in its inventory, report depletions for purposes of tax collection, and be responsible for the payment of taxes on such depletions.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (005502): Deletes and replaces all language after the enacting clause such that the only substantive change is to define "finished wine product" as any wine product that is ready for use by an end user and that bears the label of the winery or farm wine permit holder that purchased or imported the finished wine product.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

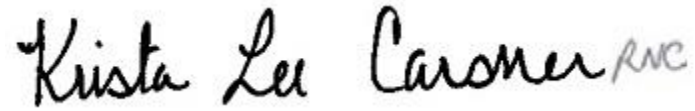**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 57-3-207(q), a licensed winery which produces 50,000 gallons or less of wine annually may obtain a self-distribution permit from the Tennessee Alcoholic Beverage Commission (ABC).
- Based upon a review of the rules and regulations of the ABC, there is no fee imposed by the Commission in conjunction with the issuance of a self-distribution permit; therefore, this legislation will have no significant impact on any permit fee revenue.
- This legislation will allow a winery or farm wine producer, upon the approval of the respective wholesaler, to transport its wine or finished wine product; however, the wholesaler shall still be responsible for the collection and remittance of taxes collected from the wine gallonage tax and wholesale case tax; therefore, this legislation is estimated to have no significant impact upon tax collections.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Krista Lee Carsner, Executive Director

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